CLASSIFICATION

ESTRICTED RESTRICTED

PEROPI

50X1-HUM

CENTRAL INTELLIGENCE AGENCY
INFORMATION FROM

FOREIGN DOCUMENTS OR RADIO BROADCASTS

....

CD NO.

COUNTRY

German Democratic Republic

DATE OF

SUBJECT

Political Economic - Production and labor

INFORMATION 1950

HOW

Г

PUBLISHED Monthly periodical

DATE DIST. /8 Dec 1950

WHERE

PUBLISHED St

Stockholm

NO. OF PAGES 2

DATE

PUBLISHED

Oct 1950

SUPPLEMENT TO

LANGUAGE

Swedish

REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE MATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING TO STATES AND AUGUSTALISTS OF ITS CONTENTS IN ANY MEANING TO AN UNMAUTHORIZED PRESSURE TO MISITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE

Industria, No 10, 1950.

## WHAT HAS BECOME OF THE HENNECKE MOVEMENT?

Hans Pasch

In mid July 1948, Colonel Tulpanov, commander of the Soviet Military Administration in East Germany and the most powerful man behind the scenes, decided that East Germany needed a movement like the Soviet Stakhanovite movement to increase the enthusiasm of the populace for the Two-Year Plan and to increase production. The Hennecke movement was the result. It spread through industry like wildfire, and for nearly 2 years East Germany lived by the stopwatch.

But since May 1950, there has been only silence about the formerly much-touted Hennecke movement. Why? Because, generally, it was a dismal failure.

The ruthless pushing of production under the Hennecke movement, without regard to the rising cost of living, had perceptible economic consequences. The Soviet mouthpiece Taegliche Rundschau spoke of the "overtime malpractices" which had gained a foothold, particularly in the "people-owned" sectors of the national economy. It was maintained by people in well-informed circles that not one single "people-owned" industrial enterprise in East Germany was still yielding a profit, largely because wage and social welfare expenditures were not in reasonable relation to the value of production. Last summer, the East German government took steps to lower the wage level in East Berlin and East Germany, which in some instances was 20-25 percent above the corresponding wage level in West Berlin and West Germany.

A serious flaw in the Hennecke movement was that it emphasized greater production alone without simultaneously promoting quality. It is believed that the movement should have been limited to the mining industry. In other branches of industry it did more harm than good. This was particularly true of the textile industry, where, among other devious practices, production was concentrated on clothing in children's sizes in order to increase the number of units.

To all intents and purposes the Hennecke movement is now dead. It has been replaced, rather unortentatiously, by the "movement for increased quality." On 1 May 1950, the workers for the first time were exhorted to emphasize quality of production exclusively. A clear example of the necessity for this change of economic policy in

- 1 -

RESTRICTED

CLASSIFICATION						JIN	VESTVICIED	
STATE	X	NAVY		X	NSRB		DISTRIBUTION	
ARMY	X	AIR		X	FB1			
				_			<del></del>	 L

Г

## RESTRICTED

RESTRICTED

50X1-HUM

East Germany is offered by the people-owned Hennigsdorf Steel Mill near Berlin, which was the scene of a public scandal last summer. More than two thirds of its production was of such low quality that it could not be sold, despite the steel shortage in East Germany. Neues Deutschland, the main organ of the SED, wrote, "Rods of rectangular cross section from Hennigsdorf were so warped and crooked that it was impossible to straighten them. The 'rails' they delivered bore absolutely no resemblance to rails."

The Politburo appointed by the SED brought in the East German national prize winner Max Hensel, considered the foremost steel expert in the East Zone and then director of the Riesa Steel Mill, to manage the Hennigsdorf works. The first thing Hensel did was to throw out the Hennecke movement and replace it with the so-called Quality Movement. Not faster, but better work was the by-word. Overtime was granted only exceptional cases, because "the 48-hour week is recognized as the maximum work period, and the one upon which national economic plans are based."

Hennigsdorf is only one example among many people-owned enterprises in East Germany. Workers at these enterprises who a year ago had 20, 30 or even 40 marks overtime pay each week now do not receive a single pfennig above their regular wages. The only bonuses now are for quality output, improvements in production technique, etc. Perhaps one in a thousand gets such extra income. In any case, the workers at Hennigsdorf may consider themselves fortunate, for as workers in a key industry they still receive the heretofore prevailing wage.

To make the people-owned economy profitable, the East German government does not hesitate to adopt unpopular measures. The Soviet Control Commission in Berlin-Karlshorst has charged the East German government with certain steps, including the lowering of cost prices, to bring about quickly sounder conditions in the East German economy. In the opinion of many, the Soviets are laying the economic foundation for the planned incorporation of East Germany into the ruble block.

- E N D -

- 2 -

RESTRICTED

RESTRICTED